



Skeppsbron 1, Karlskrona

WEBCAST PRESENTATION Q2 - 2019

July 2019

QUARTERLY HIGHLIGHTS

1

- Net profit for the first half of the year increased with 80% to SEK 933 million (518) despite SEK 123m non-recurring costs related to bond buy-backs.

2

- The net asset value after deductions for dividends increased strongly during the first half of the year by SEK 857m or SEK 1.14 per ordinary class A- and B shares. Last 12 months we increased NAV with 20 %.

3

- We continue to strengthen equity, during the first half of the year by SEK 4,444m.
- At the end of the second quarter, our net loan-to-value ratio was 43 percent.
- Strong increase in ICR
- We have decreased our average interest rate from 2.93 % from Q2 2018 to 1.96% at the end of Q2 2019

4

- We continue to deliver profit from three value creating areas - renovations/investments in our properties, building rights and transactions. Investments and transactions contributed with SEK 854m and building rights with SEK 40m to profit before tax in the period.
- During the first half year of 2019, we have commenced the refurbishment of 248 apartments, of which 98 are completed. For another 147 apartments, leases were terminated and those are in the planning stages for renovation, to commence during the second half of the year.

5

- During the first half of the year, the zoning plans of 50,500 sq.m. building rights were approved in Nykvarn Kaffebryggaren 1, Oskarshamn Hälsan 22 and Ulricehamn Krämaren 4. We have also built two LSS-special housing buildings using our building rights in Malmö-Burlöv and signed additional 4 long leases for LSS-special housing buildings.

6

- Our estimated earnings capacity on a rolling 12-month basis at the end of the second quarter was SEK 1,006 million, an increase with 57 percent from SEK 640m at the end of Q2 2018.

FIRST HALF OF THE YEAR

- Rental income increased with 12 % to SEK 893m (800).
- The net operating income increased with 11 % to SEK 560m (505).
- Cash flow from operating activities before changes of working capital increased with 56 % to SEK 244m (156).
- Profit before tax increased with 54 % to SEK 1,060m (688).
- Profit for the period increased with 80 % to SEK 933m (518).
- The value of the property portfolio increased by SEK 5.1bn during the period to SEK 30.3bn (25,2).
- Long-term net asset value (EPRA NAV) increased to SEK 9,593m (7,831), corresponding to SEK 12.69 (10.61) per share, an increase with 20%.
- SBB's average interest rate on a 12-months rolling basis has decreased from 2.93 percent to 1.96 percent.

SECOND QUARTER

- Rental income increased to SEK 464m (410).
- Net operating income increased to SEK 320m (272)
- Surplus ratio 69% (66%)
- Operating profit increased to SEK 148m (109).
- Cash flow from operations before changes in working capital amounted to SEK 147m (116).
- Net income after tax for the period amounted to SEK 717m (405), corresponding to earnings per share of SEK 0.73 (0.56) before dilution.

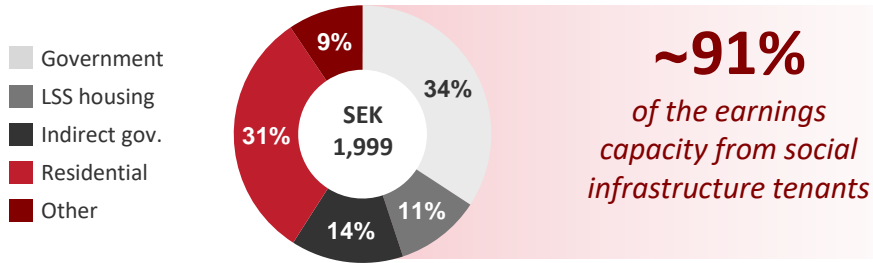
FINANCIAL PERFORMANCE

	2019	2018	2018
	Q2	Q2	Jan-Dec
Rental income, SEKm	893	800	1,680
Net operating income, SEKm	560	505	1,071
Surplus ratio, %	63	63	64
Interim profit, SEKm	933	518	1,690
Yield, %	4.7	4.6	4.7
Cash flow from current operations, SEKm	244	156	248
Property value (market value), SEKm	30,331	25,637	25,243
EPRA NAV (long-term net asset value), SEKm	9,593	7,831	8,736
Earnings capacity, 12 months rolling	1,006	640	770
Loan-to-value ratio %	43	59	53
Equity ratio, %	43	32	41
Adjusted Equity ratio, %	46	36	44
Earnings per ordinary share, SEK	1.01	0.67	2.07

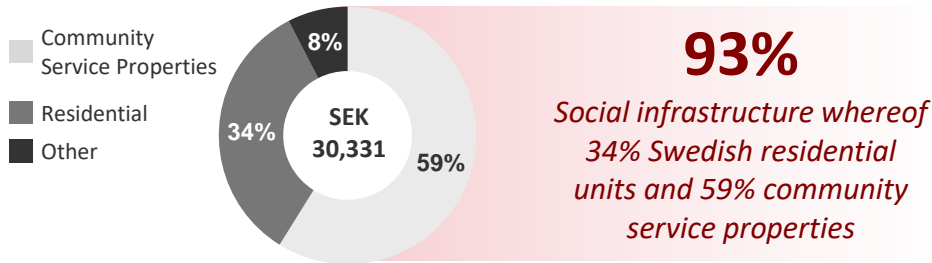
SBB HAS ASSEMBLED A UNIQUE PORTFOLIO ACROSS TIER 1 LOCATIONS

High quality property portfolio with attractive underlying exposures

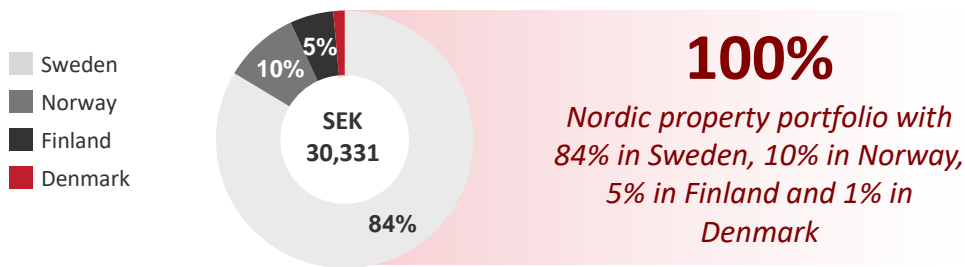
R12 Earnings capacity by tenant type



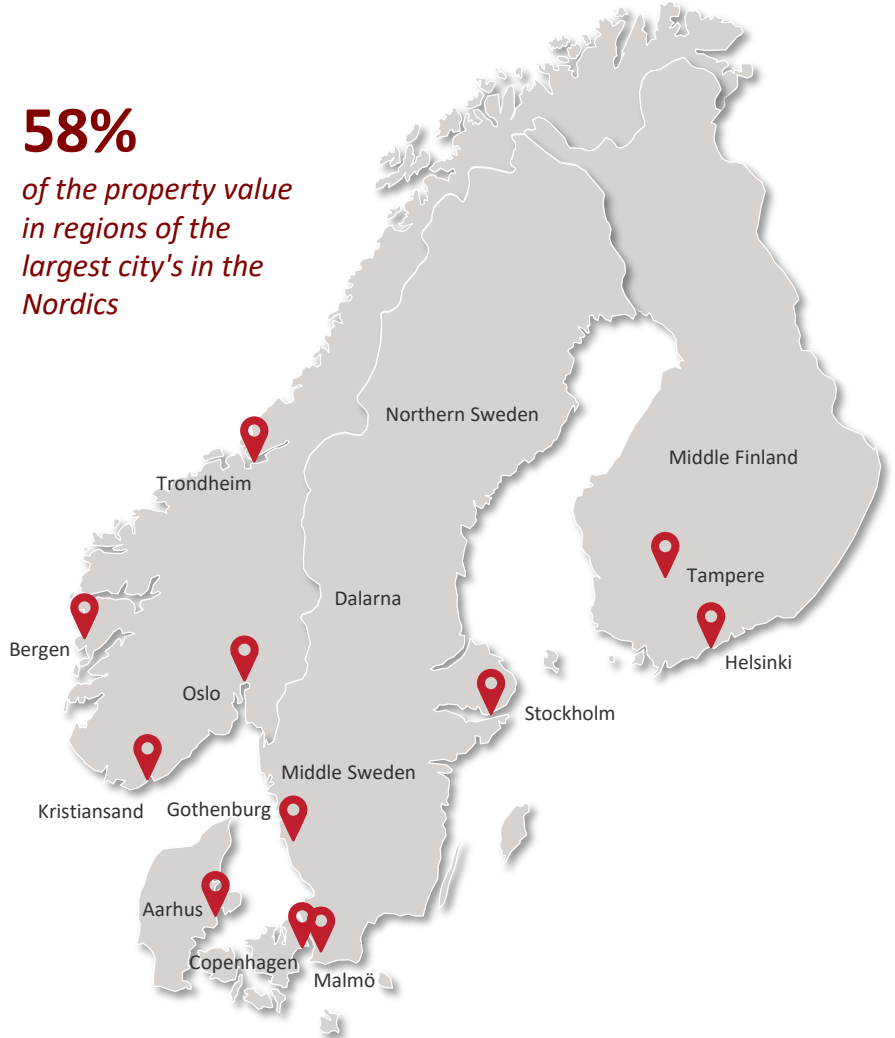
Property value by property type



Property value by location

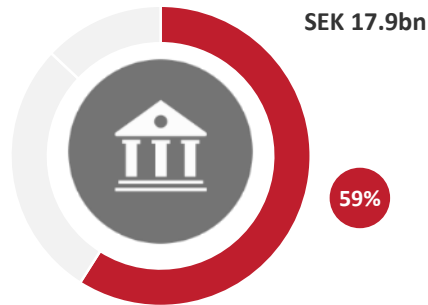


Geographical diversification



SOCIAL INFRASTRUCTURE PROPERTIES COMPLEMENTED BY RESIDENTIAL DEVELOPMENT POTENTIAL

Community Service properties

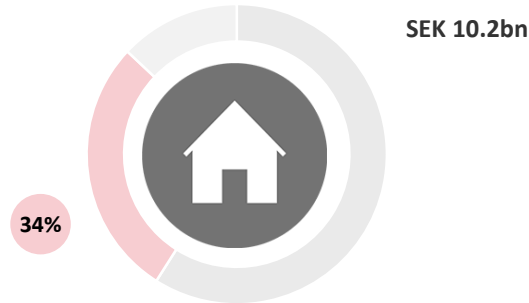


Includes schools, elderly care, LSS-housing and municipal/governmental agencies

- Nordic focus
- Publicly financed tenants
- Low tenant turnover and long contracts
- High demand, limited supply



Residential properties



Mainly constitutes of rental apartments in multi-tenant houses but also includes rental terraced houses

- Swedish focus
- Low tenant dependency and high occupancy rate
- Value creation through renovations



Other / building rights development



Commercial properties held in order to create future residential development plans

- Identified development potential in current portfolio corresponding to 1,000k sqm
- Only opportunities with a high risk adjusted return is undertaken



LONG TERM RELIABLE PARTNER FOR MUNICIPALITIES CREATES STABLE INCOME

Income overview¹⁾

Classification	Rental Income, SEKm	% of Total
Residential	629	31
Group Housing (LSS)	214	11
Government	684	34
Indirect Government	283	14
Other	189	9
Total	1,999	100

History of acquiring from municipalities

- Long history of actively working with several municipalities in Sweden
- First transaction completed only 6 months after SBB was founded

Active ownership

- Ongoing discussions with several municipalities for collaboration projects involving development of new community service properties
- Extensive collaboration with long term care service provider, to meet municipal needs of service

Property development

- Property development portfolio includes assets in Haninge, Falkenberg, Falun, Nyköping, Nykvarn, Höganäs, Motala, Uppsala, Karlstad, Kävlinge, Luleå and Ulricehamn

Properties acquired from municipalities

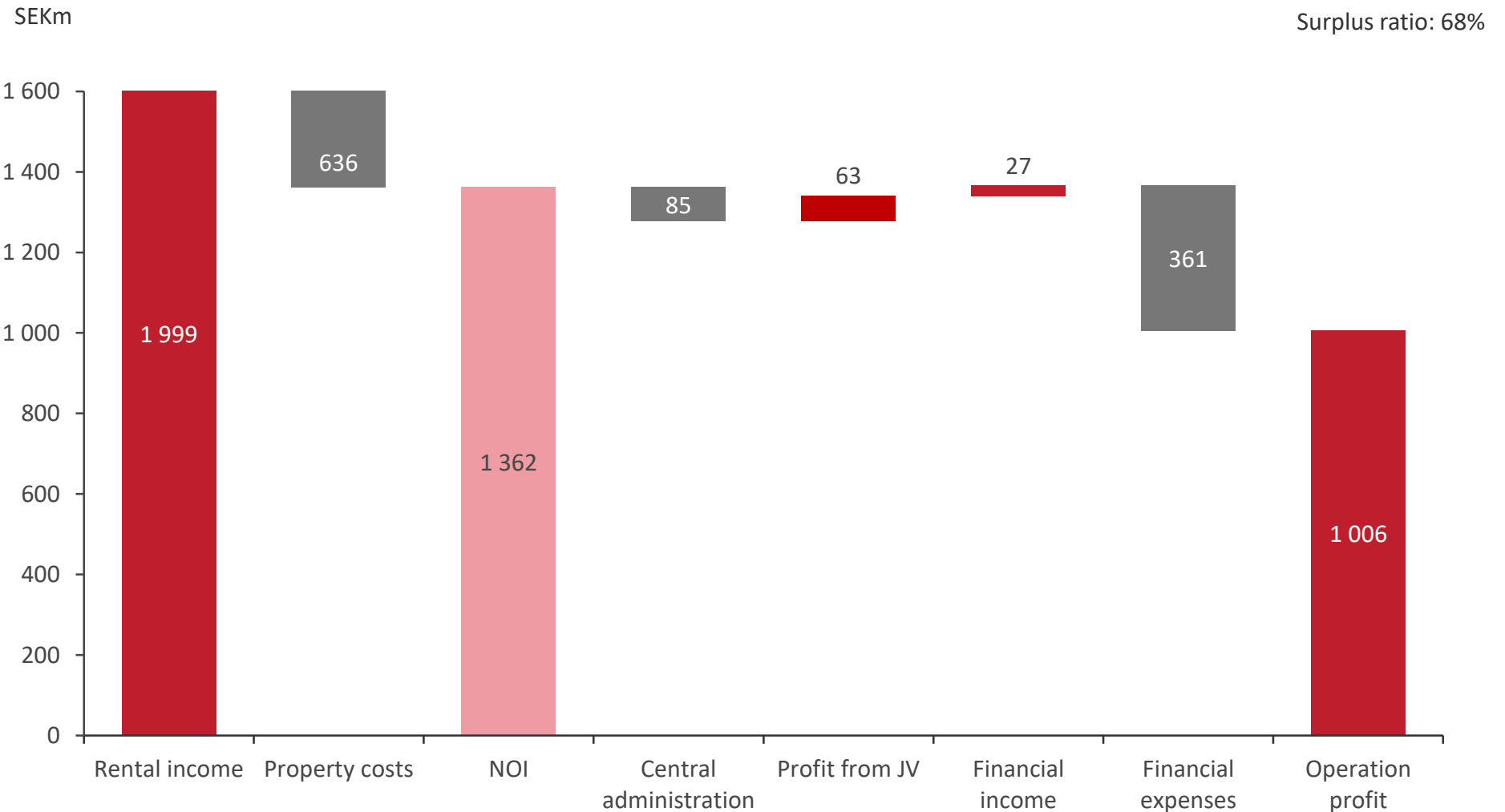
Municipality and state tenants

The transactions

- Borlänge: Acquisition of residential and community service properties, for example the City Hall
- Haninge: Acquisition of Jordbro Centrum and Västerhaninge Centrum and upcoming building rights for approx. 1,500 apartments
- Huddinge: Nine school and community service properties acquired from the municipality of Huddinge in Stockholm County
- Skellefteå: Signed SPA to acquire the new community center

EARNINGS CAPACITY PROPERTY PORTFOLIO AS OF 30 JUNE 2019

Current earnings capability for the Group for 12 months



PROJECT DEVELOPMENT POTENTIAL

Current development portfolio (30 June 2019)

Municipality	Property	Building right, sqm
Development projects with formal planning process initiated		
Nyköping	Raspen 1,2,3	156,000
Haninge	Kalvsvik 11:9, 1:4 m.fl.	135,000
Haninge	Åby 1:67 m.fl.	110,000
Falun	Falun 9:22	100,000
Falun	Högbo 1:22	28,020
Norrköping	Järven 4	21,800
Motala	Tellus 1	20,000
Bollnäs	Bro 4:4 m.fl.	15,000
Karlstad	Letten 1	12,000
Borlänge	Klövervallen 1 m.fl.	12,100
Sundsvall	Härsta 9:3 m.fl.	10,000
Stockholm	Kadetten 29	10,000
Karlshamn	Lasarettet 8	6,500
Lund	Landsdomaren 7	5,500
Falköping	Trollet 14	4,250
Täby	Jollen 4	4,000
Karlskrona	Gullbernahult 1	3,500
Total		658,670
<i>Projects in earlier development phases</i>		<i>181,080</i>
<i>Projects with zoning plan granted</i>		<i>163,040</i>
Total portfolio		1,002,790
<i>Of which are sold</i>		<i>419,250</i>
<i>Total value, sold building rights</i>		<i>SEK 1,463m</i>
<ul style="list-style-type: none"> SBB had per 2019-06-30 ongoing development projects with a total of 1,000,000 sqm GFA. The table above contains information regarding SBB's current planning projects along with estimated volumes 		

Example projects

Västerhaninge (Haninge)



Zoning plan process

Västerhaninge centrum, Haninge

The area is located right by Västerhaninge station, a station for the Stockholm commuter train. The entire community centre is to be demolished to enable a new residential area of 110,000 sqm GLA with a mixture of shops and other services at street level.

Raspen 1, 2 & 3 (Nyköping)



Zoning plan process

Nöthagen, Nyköping

An urban development project of an existing industrial area in a very central location in Nyköping, right next to the new station for the high-speed railway Ostlänken. The project will enable the development of 156,000 sqm GLA residential property mixed and community service properties.

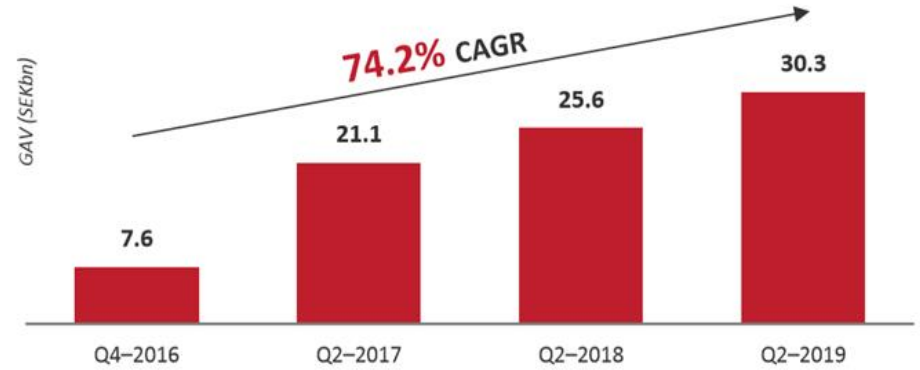
SBB never buys or owns raw land, but develops building rights from properties that are already cash flow generating and thus takes on minimal or no capex risk

SBB – ‘CREATING THE LEADING NORDIC SOCIAL INFRASTRUCTURE PROPERTY COMPANY’

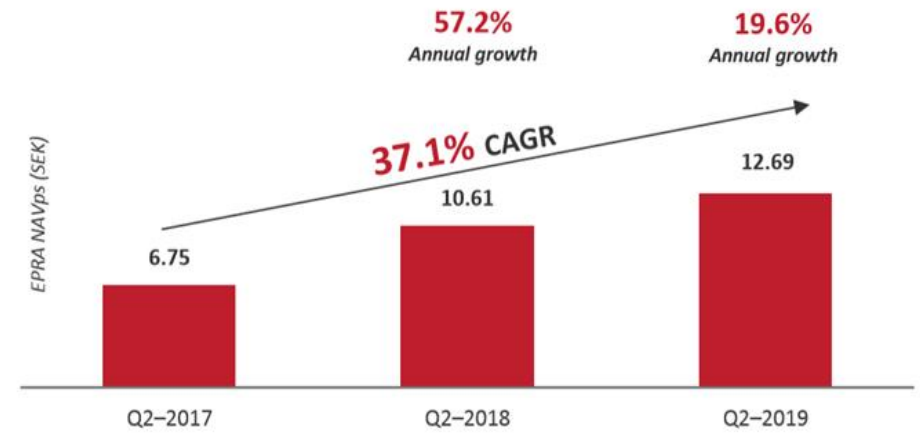
Key pillars of SBB’s story

- ✓ Unique and non-replicable long-term relationships with municipalities
- ✓ SEK 30bn low-risk social infrastructure property portfolio
- ✓ Delivered compelling NAVps growth – 19.6% over the last twelve months
- ✓ Strong financial position and Investment Grade capital structure

Portfolio has grown from SEK 7.6bn to SEK 30bn+ over 2.5 years...



...whilst delivering strong growth in EPRA NAVps



IN SUMMARY

1

- Sustainable and predictable cash flow remains the foundation of our activities. Strong increase with 57% in earnings capacity to SEK 1,006m (640)

2

- Experienced development and transaction teams with strong track records. Closed transaction for SEK 14.5bn first half of the Year 2019

3

- Strong NAV growth thanks to three value creating areas – renovations/investments in our properties, building rights and transactions.
- Profit before tax amounted to SEK 1,060m, where the profit from property management contributed with SEK 254m, investments and transactions with SEK 854m and building rights with SEK 40m.

4

- Significant potential from renovations within both residentials and social infrastructure properties.
- During the first half of 2019, we have commenced the refurbishment of 248 apartments, of which 98 are completed. For another 147 apartments, leases were terminated and those are in the planning stages for renovation, to commence during the second half of the year.
- Renovation within social infrastructure – New 25-year agreement with Nykvarn’s municipality in connection with the rebuilding of the municipal house.

5

- As previously communicated, we are continuing work to prepare SBB for a listing on Nasdaq Stockholm’s Main List. SBB is on a strong growth path, having announced ten acquisitions with a total value of SEK8.9bn in 2019. As we continue to see opportunities to grow, we may also evaluate the possibility of raising capital in connection with the listing on the Main List in order to further strengthen our capacity to fund growth in compliance with our recently achieved investment grade credit rating.

6

- We see continued strong demand for rent regulated rental apartments and great competition for both rental apartments and community service properties.
- BBB- (stable outlook) rating from both Fitch and Standard & Poor’s. Our short-term goal is BBB.

THANK YOU!



Samhällsbyggnadsbolaget
